

The New Haven Register (nhregister.com), Serving New Haven, CT

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Business

## Adapting to Change: Businesses tweak strategies to survive

Sunday, November 15, 2009

By Angela Carter, Register Staff

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For the past six months, Lynne Abrams-Cornwall says she has been “an emotional mess.”

Approximately 15 years ago, she and her husband, David, took over the business her father started during the 1970s. But The Recreation Showroom in Orange has been hit hard by the recession and was forced to close a location in Brookfield.

Abrams-Cornwall had a closing-out sale and planned to shut down the store they built six years ago on Indian River Road in Orange. After some soul searching and discussions with family, as well as local and state officials, the couple revamped their business model and decided against throwing in the towel.

The Recreation Showroom sells custom and imported pool tables, arcade games, specialty pinball machines, card game tables, dart boards, table tennis, outdoor patio furniture, bars and stools.

“We used to target mainly mid- to high-income customers. Now, my customer — even on Wall Street — isn’t spending anymore. I can’t be rigid in my thinking. I have to branch out into different price points,” she said.

They’ve added imported pool tables after decades of selling only those made in America, and the showroom now sells used pinball machines and other products and consigns pool tables for existing customers.

Paul Grimmer, executive director of the Orange Economic Development Corp., said the town is pleased that the store will remain open and it “behooves everyone” to help the operation succeed.

“We’re extremely happy that The Recreation Showroom has decided to give this another try,” Grimmer said.

Michael E. McGrath, executive chairman of the Thomas Group Inc., a professional services firm based in Texas, and author of the new book “Business Decisions!” said the Cornwalls are doing what businesses must do in response to current economic circumstances: expanding into new markets, introducing new products or services and offering customers and clients maximum value.

States and municipalities need to be more flexible when it comes to economic development, he said. Relying on one industry or employer can devastate an area when that industry or entity flounders, as the nation has seen with the automotive industry in regions such as greater Detroit.

“Those that have been more flexible have been more successful,” he said.

Last year at this time, McGrath was advising businesses to cut costs and spend conservatively. Now that the country has eluded another depression, his recommendations have changed.

"I'm encouraging companies to do just the opposite of what they did last year," he said. "Now is the time to make bold moves."

U.S. industries will face permanent and profound changes, McGrath said, beginning with the lasting effects of technological advances. "Companies have become leaner. They don't need as many employees. They've learned how to automate and how to move things along," he said. "They're not going to go back."

Abrams-Cornwall said one of the hardest developments has been downsizing from a work force of about 20 people to her and her husband, a bookkeeper and an installer. Her mother has been in to help with filing.

"People are extremely cost-conscious now," Abrams-Cornwall said. "The Wall Street collapse really affected our Brookfield store and the rainy spring and summer affected our patio business. Our plan was to close and regroup and get into smaller quarters mentally and physically."

In Hamden, Marna Gallicchio is taking some chances, too.

After working for a salon in North Branford for 16 years, she took seven years off to be at home with her daughter, Alexa.

She re-entered the labor force by working two days per week at a kid's gym in Hamden, where she heard moms chatting about their salon experiences and asking each other for referrals.

"Getting back out is really tough, especially in an industry that's youth-oriented," Gallicchio said. "I just listened to the complaints that people were having and I knew they were complaints that I could fix."

So, in August she took charge and put herself back to work by opening Tantrum Salon for Kids on Whitney Avenue in Hamden. Gallicchio has had clients as young as six months old and up to young adults leaving home for college.

"Kids don't like to get their hair cut. They might scream or create a ruckus at a regular salon and have to be taken out of the chair. Here, they can yell and scream and nobody cares. There's not much in here they're not allowed to do," she said. "We wanted it to be a salon for children, not a haircut factory."

Gallicchio's one rule is no running with lollipops in the mouth.

On a recent Friday, her daughter Alexa helped Evan DeMaio, 5, feel right at home drawing on a blackboard and playing in a floor model treehouse, after he took in some television during his haircut. Gallicchio placed TVs at every station.

"He loves to watch iCarly," said DeMaio's grandfather, Ralph Petrillo who stopped in with him. He's been driving from his home town of Wallingford to Orange so DeMaio can get his hair styled, but Tantrum is a more convenient location, Petrillo said.

Gallicchio's husband, Eric, said the couple also looked at salon franchises. "But for the cost of a franchise, she got this whole thing and there's no extra fees," he said. "She opened up this business at a time when people were laughing at the idea."

But McGrath said he encourages bold moves by individuals, such as the Gallicchios, as well as corporations.

"It's tough to start a business at any time. When times are good, you get spoiled and you spend too much money," McGrath said.

In tough times, entrepreneurs are more realistic and work harder to position themselves uniquely, he said.

"Getting back to work is super-scary. I've never been a risk taker," Galliccio said. "But so far, so good."

Looking ahead, businesses must remain lean and manage cash flow, McGrath said.

Shane Keegan, owner of Creative Logistic Solutions on West Clark Street in West Haven, understands that well. He employs approximately 40 people, of whom two are part-time workers.

The company fixes products damaged during shipping or items that arrive from a foreign manufacturer with an error, such as an incorrect paint color. It assembles products for retail distribution, stuffs marketing materials into envelopes or provides warehouse space to clients.

"We've done everything from grand pianos to electronics to jewelry and hub caps. We don't care, as long as we add value and the customer's happy," Keegan said.

Week to week, CLS handles thousands of units and projects change constantly. "That's the exciting part," said Keegan, who arrived in America from Ireland about 17 years ago. "I came here with 1,200 bucks and two suitcases," he said. "I love it here. I'm not going back. I always wanted to come to the states since I was a kid."

One of the reasons his company has been able to thrive during the recession, he says, is that outsourcing the "backend" operations he handles allows clients, who he never discloses, to save money.

"The economy has really challenged people to look at less expensive ways to do things without sacrificing quality," he said.

Creativity, value and ingenuity have allowed CLS to defy the odds and grow when many companies have scaled back workers and expenses, Keegan said.

He has owned the business for 13 years and during that time has received small, short-term loans through First County Bank, which is based in Stamford, and got approval for federal Small Business Administration guarantees.

Keegan said he was able to construct new offices, buy machinery and gain working capital with the financing. "Every loan we've ever taken has always provided jobs," he said, adding that the new positions were sustained, even once the loans were repaid.

McGrath said he believes that as productivity continues to go overseas, there will be more people in need of work than available jobs. "I think we will see 10 percent unemployment for several years," he said. "That's a major issue that has to be dealt with at some point," he said.

Greta Johansson, deputy district director of the SBA's Connecticut office, said that under the American Recovery and Reinvestment Act some SBA loan guarantee products have been enhanced and some fees have been waived.

Interested entrepreneurs may visit [www.sba.gov/ct](http://www.sba.gov/ct) for more information.

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